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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 IO-11 ISO-00 L-03 FRB-03 OMB-01

ITC-01 SP-02 AGR-05 AID-05 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00 CIEP-01

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FM AMEMBASSY TOKYO

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INFO USMISSION UN NEW YORK

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E.O. 11652: N/A

TAGS: EGEN, UNCTAD, CIEC, JA

SUBJ: VISIT TO JAPAN OF UNCTAD SECRETARY GENERAL COREA: SOME
PRELIMINARY JAPANESE VIEWS ON CIEC, UNCTAD IV, AND RELATION
BETWEEN THE TWO

SUMMARY: EMBOFFS HAVE BEEN DISCUSSING COREA VISIT, CIEC, AND UNCTAD IV
WITH WORKING LEVEL GOJ OFFICIALS. COREA TOLD JAPANESE THAT
MAJOR UNCTAD IV ISSUES WOULD BE COMMODITIES, LDC DEBT,
TECHNOLOGY TRANSFER, AND RESTRUCTURING OF UNCTAD. HE EX-
PRESSED CONCERN OVER POSSIBLE ADVERSE EFFECTS OF CIEC
DELIBERATIONS ON UNCTAD IV. JAPANESE OFFICIALS TOLD US THAT
NO GOJ CONSENSUS RE JAPAN'S CIEC OR UNCTAD IV OBJECTIVES, OR
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THEIR RELATION TO EACH OTHER, YET EXISTS. GOJ WILL BEGIN
TO FOCUS ON CIEC OBJECTIVES AFTER INITIAL COMMISSION

SESSIONS END. SOME GOJ OFFICIALS ARE INCLINED TO VIEW CIEC AND UNCTAD IV AS COMPETITIVE RATHER THAN COMPLEMENTARY. MOST SEE BENEFITS TO BE GAINED FROM EXISTENCE OF BOTH ORGANIZATIONS BUT FEAR SERIOUS LDC DISAPPOINTMENT AT UNCTAD IV COULD POISON ATMOSPHERE AT CIEC: IT THEREFORE HOPES TO AVOID CONFRONTATION AND MAINTAIN IMPROVED ATMOSPHERE OF DIALOGUE. GOJ NOW UNDERTAKING STUDY OF UNCTAD ISSUES WITH HOPE OF BEING ABLE TO PARTICIPATE AT UNCTAD IV IN ACTIVE AND CONSTRUCTIVE WAY, BUT THIS WILL BE DIFFICULT BECAUSE OF GOJ FINANCIAL CONSTRAINTS AND ABSENCE OF CONSENSUS IN JAPAN RE ISSUES INVOLVED. GOJ HOPES TO REMAIN IN CLOSE TOUCH WITH USG AS BOTH COUNTRIES' THINKING ABOUT CIEC AND UNCTAD EVOLVES. END SUMMARY.

1. DURING LAST WEEK EMBOFFS HAVE MET WITH NUMBER OF WORKING LEVEL GOJ OFFICIALS TO SOUND OUT GOJ THINKING ABOUT JAPANESE OBJECTIVES AT BOTH CIEC AND UNCTAD IV, AND THE RELATION BETWEEN THE TWO EXERCISES. AT SAME TIME, EMBOFFS WERE GIVEN BRIEF ACCOUNTS OF EARLY FEBRUARY VISIT TO JAPAN (FOLLOWING G-77 MEETING IN MANILA) OF UNCTAD SECRETARY GENERAL COREA. EMBOFFS CONCENTRATED ON FONOFF AND TALKED TO OFFICIALS OF ECONOMIC AFFAIRS, ECONOMIC COOPERATION, AND UNITED NATIONS BUREAUS, BUT ALSO SOLICITED VIEWS OF MEMBER OF MITI'S INTERNATIONAL ECONOMIC AFFAIRS DIV. ALTHOUGH IN EVERY CASE GOJ REPS STRESSED THAT THEIR STATEMENTS EXPRESSED PRELIMINARY AND/OR PERSONAL VIEWS, GIST OF VARIOUS CONVERSATIONS IS PRESENTED BELOW AS INDICATIVE OF PRESENT RANGE OF GOJ THINKING.

2. COREA VISIT TO JAPAN: DURING MEETINGS WITH GOJ LEADERS, COREA RAISED USUAL MATTERS OF CONCERN TO UNCTAD, STATING THAT FOUR ISSUES OF MOST IMPORTANCE WHICH WILL ARISE AT UNCTAD IV ARE THE INTEGRATED COMMODITIES SCHEME, LDC DEBT, TRANSFER OF TECHNOLOGY, AND THE RESTRUCTURING OF UNCTAD INTO A NEGOTIATING FORUM (WHILE AT SAME TIME MAINTAINING ITS FUNCTION AS FORUM FOR NORTH-SOUTH DIALOGUE). HE SAID IT IS IMPORTANT TO REACH AGREEMENT AT UNCTAD IV ON INTEGRATED PROGRAM AND LIMITED OFFICIAL USE
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COMMON FUND. (EMBOFF WAS TOLD FONMIN MIYAZAWA REACTED QTE NEGATIVELY UNQTE, TO DISAPPOINTMENT THOUGH NOT SURPRISE OF COREA.) ON PROCEDURAL SIDE, COREA EXPRESSED STRONG CONCERN THAT CIEC MIGHT DEPRIVE UNCTAD OF ITS REASON FOR EXISTENCE AND, ESPECIALLY BECAUSE CIEC WILL CONTINUE ITS DELIBERATIONS AFTER UNCTAD IV, RESULT IN ABSENCE OF AGREEMENTS OR DECISIONS BEING TAKEN AT UNCTAD. COREA ALSO NOTED THAT BECAUSE SMALLER NUMBER OF LDC'S PARTICIPATING IN CIEC AS OPPOSED TO UNCTAD, CONFLICTS OF INTEREST MIGHT ARISE BETWEEN THE

19 CIEC LDC'S AND G-77 LDC'S AT LARGE. (ONE FONOFF
OFFICIALS WHO ATTENDED DINNER FOR COREA OPINED THAT
LATTER WAS MORE CONCERNED WITH QUESTION OF RELATION
OF CIEC TO UNCTAD THAN WITH VARIOUS SUBSTANTIVE ISSUES
MENTIONED ABOVE.) FINALLY, COREA BEMOANED AMERICAN
PUBLIC'S LOW LEVEL OF AWARENESS AND CONCERN RE LDC
PROBLEMS, AND NOTED HIGHER LEVELS OF BOTH IN SMALLER
DEVELOPED COUNTRIES SUCH AS HOLLAND.

3. JAPANESE APPROACH TO CIEC: GOJ'S BASIC ATTITUDE
HAS BEEN TO SEE HOW FIRST CIEC SESSION GOES AND THEN
BEGIN TO DRAW UP STRATEGY IN MARCH AND APRIL. AT
PRESENT FONOFF IS UNSURE WHAT CIEC OBJECTIVES AND TIMING SHOULD
BE, AND JAPANESE DELEGATIONS TO INITIAL MEETINGS OF
FOUR CIEC COMMISSIONS WERE FAR FROM FULLY INSTRUCTED.
THE EXTREMES OF VIEWS ABOUT CIEC FUNCTIONS AND OB-
JECTIVES RANGE FROM A) CIEC WILL ACCOMPLISH NO MORE
THAN GENERAL DEBATE OF ISSUES, WITH SOLUTIONS TO BE
WORKED OUT IN OTHER FORUMS SUCH AS GATT, UNCTAD, ETC:
THUS CIEC'S ONLY EFFECT WILL BE TO STIMULATE EXISTING
INSTITUTIONALIZED FORUMS TO BECOME MORE SERIOUS AND
BUSINESSLIKE: TO B) CIEC WILL BECOME THE ORCHESTRATOR
AND MONITOR FOR WHOLE NORTH-SOUTH RELATIONSHIP.
PRESSIMISTS CONCERNING CIEC POTENTIAL FOR ESTABLISHING
LEADERSHIP IN THE DIALOGUE ARGUE THAT NEITHR JAPAN
NOR OECD AS A WHOLE WILL BE ABLE TO TAKE SUBSTANTIAL
POLITICAL DECISIONS ON ISSUES AT CIEC MEETINGS PRIOR

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LAB-04 NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00 CIEP-01

CEA-01 NSC-05 SS-15 /098 W

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R 250708Z FEB 76

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 7168
INFO USMISSION USUN NEW YORK
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USMISSION EC BRUSSELS
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TO UNCTAD IV. THEY ADD THAT DEVELOPED COUNTRIES WHICH
ARE SAVING UP THEIR BEST MORSELS FOR LATTER STAGES

OF CIEC ALSO ARE SHORTSIGHTED, AS TIMING AND SPACING
OF ACCOMPLISHMENTS SO AS TO PROVIDE CONSTANT VISIBLE
MOTION ARE VERY IMPORTANT TO ENTIRE NORTH-SOUTH DIALOGUE.

4. RELATIONSHIP OF CIEC TO UNCTAD IV. THERE IS NO
GOJ CONSENSUS YET AS TO WHAT RELATIONSHIP CIEC SHOULD
HAVE TO UNCTAD, OTHER UN BODIES, OR INSTITUTIONALIZED
COMMODITY ORGANIZATIONS, NOR HAVE SYSTEMATIC INTER-
MINISTERIAL CONSULTATIONS ON THIS QUESTION BEGUN.
SOME GOJ OFFICIALS VIEW CIEC AND UNCTAD AS POTENTIALLY
COMPETITIVE RATHER THAN COMPLEMENTARY. IN GENERAL
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JAPANESE SEE CIEC AS HAVING ADVANTAGES OF
RELATIVE MANAGEABILITY AND HIGH LEVEL INTERESTS ON
PART OF DEVELOPED COUNTRY GOVERNMENTS, BUT ON OTHER
HAND AS NOT BEING AS BROADLY REPRESENTATIVE AS
UNCTAD. CIEC'S AD HOC EXISTENCE FORCES LDC'S TO BE MORE REASONABLE
THERE THAN AT UN BECAUSE CONFRONTATIONAL TACTICS
COULD QUICKLY DESTROY CIEC; LDC'S DO NOT WISH SUCH
A RESULT AFTER HAVING ACHIEVED EARLIER AIM OF BROADENING
DIALOGUE FROM ENERGY TO COMPREHENSIVE SET OF ISSUES.
LDC'S MAY BE INCLINED TO PURSUE DIFFERENT TACTICS IN
THE TWO BODIES: SOFT AND PRAGMATIC IN FRAGILE CIEC,
AND HARDER, MORE IDEOLOGICAL IN INSTITUTIONALIZE UNCTAD.
CONVERSELY, DEVELOPED COUNTRIES MIGHT SEEK TO INFLUENCE
PACE OF DIALOGUE SO AS TO GIVE UNCTAD AND SUBSIDIARY
COMMITTEES MAXIMUM INCENTIVE TO RATIFY DECISIONS SHAPED
IN MORE FAVORABLE (TO DEVELOPED COUNTRIES) CIEC ENVIRON-
MENT. COORDINATION AND SOME DEGREE OF CONSENSUS AMONG
DEVELOPED COUNTRIES IS A VITAL ELEMENT IN TIMING OF
NEGOTIATING INITIATIVES. SHOULD UNCTAD IV SERIOUSLY
DISAPPOINT LDC'S, THIS COULD POISON ATMOSPHERE OF

SUBSEQUENT CIEC SESSIONS.

5. UNCTAD OBJECTIVES. MAJOR JAPANESE OBJECTIVES ARE TO AVOID CONFRONTATION AND MAINTAIN THE IMPROVED ATMOSPHERE OF THE DC-LDC DIALOGUE WHICH HAS DEVELOPED SINCE THE UNGA 7TH SPECIAL SESSION; AND GOJ OFFICIALS ARE AWARE THAT NORTH-SOUTH ISSUES CANNOT SIMPLY BE TALKED TO DEATH. SINCE THE UNGA 7TH SPECIAL SESSION, (AND USG INITIATIVES), JAPAN HAS FELT RATHER EXPOSED, AND BELIEVES IT MUST COME UP WITH SOME POSITIONS FOR UNCTAD IV WHICH WILL ALLOW IT TO PARTICIPATE IN AN ACTIVE AND CONSTRUCTIVE WAY. THIS WILL NOT BE EASY, HOWEVER, BECAUSE OF CURRENT GOJ FINANCIAL CONSTRAINTS AND THE LACK OF CONSENSUS IN THE POLITICAL AND BUSINESS COMMUNITIES REGARDING THE EXTENT TO WHICH JAPAN SHOULD ACQUIESCE IN INTERNATIONAL PROGRAMS WHICH INTERFERE WITH MARKET FORCES AND CUSTOMARY TRADING PRACTICES. FOR INSTANCE: WITHIN THE GOJ, FINANCE MINISTRY (ACCORDING TO OTHER MINISTRIES) IS TAKING A HARD LINE GENERALLY ON NORTH-SOUTH ISSUES. FINANCE IS PRESENTLY ARGUING TO EFFECT THAT AT JAMAICA MEETING OF IMF INTERIM COMMITTEE, US, GERMAN, LIMITED OFFICIAL USE

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AND JAPANESE REPS--ALL FINANCE MINISTRY OFFICIALS--HELD THE LINE AND PERSUADED THEIR LDC COLLEAGUES TO COME AROUND. TASK NOW, ARGUES FINANCE, IS FOR FONOFF TO SIMILARLY HOLD LINE IN OTHER INTERNATIONAL FORUMS AND PERSUADE LDC OFFICIALS THAT TRADITIONAL DEVELOPED COUNTRY VIEWS ARE CORRECT.

6. EVEN THOUGH CONSENSUS HAS NOT YET EMERGED, FONOFF HAS UNDERTAKEN STUDIES AND PREPARATION OF VERY PRELIMINARY STRATEGIES RE MAJOR ISSUES LIELY TO ARISE AT UNCTAD. RE COMMODITIES, IT IS UNCLEAR HOW FAR JAPAN CAN GO, BUT IT IS CONCEIVABLE THAT JAPAN MIGHT GO SO FAR AS TO SUPPORT IN PRINCIPLE AN INTEGRATED COMMODITY AGREEMENT AND COMMON FUND. RE TECHNOLOGY TRANSFER, UNCERTAINTY STILL PREVAILS. RE LDC DEBT, US AND JAPANESE POSITIONS SEEM FIRM AND IT DOES NOT SEEM THAT MUCH ROOM FOR COMPROMISE WITH LDC'S EXISTS. JAPAN WISHES TO CONTINUE ITS CASE APPROACH, WITH, PERHAPS, SPECIAL ATTENTION TO PROBLEMS OF MSAS AND LLDCS.

7. CONSULTATIONS WITH US. AS CIEC PROGRESSES AND UNCTAD IV APPROACHES, GOJ WILL BE ADDRESSING PARTICULAR ISSUES IN MORE DETAIL. GOJ HOPES TO STAY IN CLOSE TOUCH WITH USG AS THINKING OF BOTH COUNTRIES ON VARIOUS ISSUES EVOLVES AND DEVELOPES. TO THIS END, GOJ PLANS TO SEND OFFICIALS FROM BOTH TOKYO AND GENEVA TO WASHINGTON FOR CONSULTATIONS ON NORTH-SOUTH ISSUES

PRIOR TO UNCTAD.

8.EMBASSY COMMENT: THROUGH ABOVE CONVERSATIONS RUN FAMILIAR JAPANESE THEMES: A) JAPAN SHOULD ACCOMODATE LDC DEMANDS, BUT B) IT IS DIFFICULT AND EXPENSIVE TO DO SO, AND C) IN DOING SO JAPAN SHOULD BE NEITHER SUBSTANTIALLY MORE NOR LESS ACCOMODATING THAN THE AVERAGE OF OTHER DEVELOPED COUNTRIES. FACT THAT GOJ PLANNIG IS AT PRELIMINARY STAGE AFFORDS US A VALUABLE OPPORTUNITY, THROUGH CONTINUING CONSULTATIONS WITH THE GOJ TO INFLUENCE JAPANESE DECISION MAKING. TO THAT END A PRE-UNCTAD CONSULTATION LATE APRIL OR EARLY MAY COULD BE USEFUL EVEN THOUGH WE MIGHT NOT HAVE FINAL POSITIONS ON ALL TOPICS BY THEN.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SECRETARY GENERAL, MEETING AGENDA, LESS DEVELOPED COUNTRIES, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976TOKYO02776
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760071-0907
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760212/aaaaakmg.tel
Line Count: 298
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 30 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 MAR 2004 by ElyME>; APPROVED <31 MAR 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: VISIT TO JAPAN OF UNCTAD SECRETARY GENERAL COREA: SOME PRELIMINARY JAPANESE VIEWS ON CIEC, UNCTAD IV, AND RELATION
TAGS: EGEN, OVIP, JA, US, UNCTAD, CIEC, UNCTAD IV, (COREA, GAMANI)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006